

**REAL ESTATE APPRAISERS BOARD TELECONFERENCE
MINUTES
MADISON, WI
DECEMBER 11, 2001**

PRESENT: Paul "Rick" Vozar, Gary Cuskey* (until 9:20 a.m.), LaMarr Franklin*, Mark Kowbel* (until 9:35 a.m.), Mary Reavey* (until 9:00 a.m.), Roger Roslansky*, Patrick Buckett (joined the meeting at 9:20 a.m.)*
* attended by teleconference

STAFF PRESENT: Katharine Hildebrand, Ruby Jefferson-Moore, Clete Hansen, Grace Schwingel

CALL TO ORDER

MOTION: Rick Vozar called the meeting to order at 8:33 a.m.
A quorum of 6 members was present.

AGENDA

MOTION: Mary Reavey moved, seconded by LaMarr Franklin, to approve the agenda. Motion passed unanimously.

DISCUSSION REGARDING DRAFT OF BILL PROPOSED BY SENATOR MOORE

Rick Vozar, Chair, led a discussion on the proposed bill draft by Senator Gwendolynne Moore that would require real estate appraisers to be licensed or certified. The basis for the proposed bill is to deal with the issue of property flipping. The purpose of this meeting was to draft a letter in response to Senator Moore's request for the Board's opinion on the draft. The Board would like to offer their general support of the proposed bill, and to point out some concerns the Board has with this legislation as drafted.

The main concern of the Board is that this bill would allow exceptions to the prohibitions it creates in allowing individuals who are licensed by the Department as real estate salespersons or brokers, to prepare real estate appraisals without being licensed as a real estate appraiser. Another concern is that the bill would exempt from mandatory licensure assessors who assess real estate for property tax purposes for a town, village, city or county for the Department of Revenue. Furthermore, as the bill stands now, it will not address or alleviate the concerns the Board has related to property flipping.

Legal Counsel, Ruby Jefferson-Moore, pointed out that another intent of Senator Moore's proposed bill draft is to eliminate the requirement for people who are already licensed by the State of Wisconsin to be licensed a second time. The Real Estate Board licenses Real Estate sales persons and the assessors are licensed by the Department of Revenue.

The exemption as written applies only to those professionals licensed under chapter 452, which would only apply to Wisconsin licensees. Individuals licensed outside of Wisconsin would not be exempt under this proposed rule. As the law is written currently, anyone in the State of Wisconsin can do an appraisal. Wisconsin is a voluntary state, not a mandatory state.

However, to do appraisals for federally insured institutions, an individual must be a licensed or certified appraiser.

Other concerns the Board has involve the differences in the required training for a licensed real estate appraiser vs. an individual licensed under a different profession. Liability and authority issues could pose a problem. If an individual not licensed by the Real Estate Appraisers Board does an appraisal report, does that person come under the authority of the REA Board or the Real Estate Board if disciplinary issues arise? The Board is also concerned about the public being misled if individuals without a Real Estate Appraiser's license are allowed to use the term "appraisal."

The Board agreed there would need to be an exemption made for individuals who are working to get the experience required for certification, so those individuals are not put in the position of breaking the law. One way of dealing with this issue would be to create a training category for individuals who are working to get the necessary training in order to qualify for their license. The Board will address this issue at its next Board meeting and provide further recommendations. The Board also believes that individuals doing an administrative review and complying with USPAP requirements should be exempted from a licensing requirement.

The Board proposed making the practice of property flipping a crime, and making the penalties stiffer for individuals involved in this practice as a deterrent to committing the fraud. The Board would like to look into how other states have handled this issue. At a future meeting, the Board will discuss the issue of requiring either an interior or an exterior inspection of a property.

PROPOSED MOTION: The Board would like to have Rick Vozar, Ruby Jefferson-Moore and Katharine Hildebrand write a letter to Senator Moore addressing the Board's general support of the proposed bill, and to point out some of the Board's concerns with the bill as written.

PROPOSED MOTION: A motion was made to approve Mary Reavey's proposed language, given earlier, to ensure that real estate sales people and brokers are not doing appraisal work, only broker market analysis. The Board also would like to include the additional language exempting students and administrative reviewers.

The Board would like to clarify the terms "broker market analysis," and "appraisal report" used in the proposed bill draft as follows.

To differentiate between an appraisal, assessment, and broker market analysis, the Board would like to recommend that 458.01 (3) be revised to read: "Under chapter 458.01 (3) 'Appraisal report' means a written communication of an appraisal, but does not include ***reports used to determine value for assessment purposes*** prepared by an assessor under s. 70.32 or a broker market analysis, *and solely used to establish a listing price.*"

"Broker market analysis means *analysis* made by a broker or salesperson licensed under ch. 452 *used to gain a listing for a property.*"

For purposes of clarification the Board recommends that the language "or follow" be deleted from 458.055(5) and be amended to read: "For a fee, money, or other thing of value, perform

an appraisal, prepare or cosign an appraisal report, or engage in ~~or follow~~ the business or occupation of, or advertise or hold himself or herself out as, or act temporarily or otherwise as an appraiser unless the person is a certified appraiser or licensed appraiser. This subsection does not apply to an assessor, *when determining values under ch. 70 or to a broker or salesperson licensed under ch. 452 when establishing or gaining a listing for a property.*"

Legal Counsel, Ruby-Jefferson-Moore, brought up the issue of the annual registry fee required for appraisals in federally related transactions. Will there need to be two categories of individuals - some who pay a registry fee and others who do not have to pay this fee? The Board recommended that the registry fee be charged to anyone performing an appraisal, not just to those who perform an appraisal in a federally related transaction.

PROPOSED MOTION: Under 458.19 (4) the Board is recommending that this section be clarified to indicate that it is referring to "subject property for residential properties for 1-4 families" to differentiate from commercial properties, which require a 3-year history of the property.

The above motions had been made when the Board realized that one of the Board members had been disconnected from the teleconference, so the motions presented at today's meeting could not be voted upon for lack of a quorum. The Board scheduled a teleconference for Thursday, December 13, 2001 to vote on the motions discussed today.

By consensus the Board adjourned at 10:25 a.m.